

## Getting Help from the Idaho Department of Insurance

To report suspected insurance fraud or if you have questions or concerns regarding an insurance matter, call the State of Idaho, Department of Insurance (DOI) at:

208/334-4250  
800/321-3272

Fax:

208/334-4398

Or write to:

State of Idaho  
Department of Insurance  
Investigations Unit  
700 West State Street  
P. O. Box 83720  
Boise, ID 83702-0043



# Shopping *Smart*



**Tips for Idaho Residents Purchasing Auto,  
Homeowner's & Renter's Insurance**



## ***A Message from the Director***



□

Today, as never before, we are expected to understand insurance and make decisions that could have an effect on our entire financial future. In this booklet we have attempted to give you some insight on what factors affect your insurance premiums, how much insurance is enough, what to do when you have a claim and other important insurance questions.

□

What is enough insurance coverage? There is no way most people can afford to cover every possible risk they take when driving a car or even in owning or renting a home. If you have a million dollar liability umbrella policy and cause an accident that results in a fifty million dollar claim, we might say that in that instance you were grossly underinsured. However, when we buy insurance we have to weigh the odds of having such an event happen and most of the time we insure for the normal claim, not the exception, such as that illustrated. In most instances each of us chooses to self-insure those risks that are most likely not to happen. Where we draw the line of what we choose to self-insure depends on our risk tolerance and ability and willingness to pay the premiums for greater coverage.

□

A reliable, ethical insurance agent can help us take a look at the real world of insurance and make recommendations that will help us get the coverage we need.

□

I hope this booklet will give you enough consumer knowledge to tell you what to look for in buying auto or homeowners coverage, what to do before you have a claim and what your responsibilities are when a claim occurs. This booklet will arm you with those intelligent questions about insurance coverage that will lead you to making the right purchase decisions.

□

If you need assistance or have questions, the department consumer affairs section is ready to help you. Whether it be coverage questions, insurance claim problems or any other insurance-related issue, the department personnel are knowledgeable, experienced people who have been hired to assist you with your insurance questions and problems.

□

I close wishing you all happy and safe motoring and may your home be a harbor of security protecting you from harm's way.

□

Mary L. Hartung  
Director



## General Information

### Tips for Idahoans

#### Shopping for Insurance Is Easier Than You Might Think!

**YOU DON'T HAVE** to get taken for a ride when buying auto insurance, and insuring your home doesn't have to break your budget.

Taking time to shop smart can reward you with better prices and services.

Even if you're not shopping for a policy right now, reviewing your coverage every year is a good way to make sure your insurance keeps up with your changing needs.



One insurance company's price may be hundreds of dollars lower than another's for an identical policy. You wouldn't walk into an appliance store and buy the first refrigerator you saw. You would shop around and compare prices and features. Do the same with insurance. Get quotes from several companies before you sign an application and pay a premium.

Buy from licensed agents and companies. Policyholders of unlicensed companies are not protected by a guaranty association if their companies go broke.

Be sure to look into the company's customer service reputation and financial strength.

Call the Idaho Department of Insurance toll free.

**Idaho Consumer Help Line: 1-800-721-3272**  
**In the Boise area: 334-4350**

You can learn:

- A company's or agent's license status. (Are you buying from a legitimate company or agent?)
- A company's financial letter grade from at least one nationwide rating firm. (Will the company be around to pay your claims?)

Following the tips in this brochure should help you reduce your premium and get the best deal on automobile, homeowner's, and renter's insurance.

## General Information

### Do Your Research

Before shopping, determine what coverages you want and need, including amounts of insurance and deductibles.

Use the worksheets provided in this brochure to gather information before you begin to shop.

Answer questions truthfully. The wrong information may result in an incorrect price quote and/or rejection of your coverage.

Compare "apples to apples." Make sure the price quotes you get are for the same policy forms and coverages.

Most companies want you to go through an agent. Many companies have their own exclusive agents. Independent agents may sell for several companies.

#### Cost Cutters

Choose the highest deductible you can afford. The higher the deductible, the lower your premium.

#### Discounts

You may be eligible for discounts on your auto and homeowner's coverage. Be sure to ask your agent what discounts the company gives, and which ones you are eligible for.

#### Know Your Policy

- Idaho requires plain language policies. Ask questions if you don't understand your policy.
- Ask about endorsements that change or add coverage. You may need these if you have valuable car stereo equipment or need more than basic coverage for jewelry, collections, or other valuables.
- Know what you and the company must do if you have a claim. Be sure to report all claims promptly and accurately.
- Inform your agent of changes in the insured vehicle or property as soon as they occur.

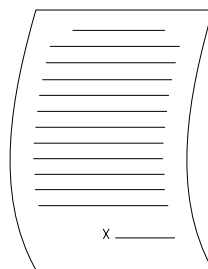


## Protect Yourself

Before you change policies:

- Ask your agent for a written “binder.” This proves that you have coverage until the company issues your policy.
- Never cancel your old policy until you get your new policy or binder.
- Do not pay cash to an individual agent. Pay by personal check or money order made out to the insurance company or agency. Get a receipt for your premium payment.

The new company may cancel an auto policy within 60 days after the effective date for almost any reason except illegal discrimination.



## Before You Buy an Auto Policy . . . Plan Ahead

- A clean driving record will save you money. Insurance companies check your driving record. Drivers with no “at fault” accidents or major traffic convictions usually get the best rates.
- A company must give you 30 days’ notice if it is not going to renew your policy. If you get a notice, start your search for a new company right away.
- The type of car you drive affects your rates. Rates may be higher for luxury, sport, and high-performance cars. Some companies will not insure cars built for speed.
- If you are an older driver or have a young driver (male under 25, female under 21) on your policy, it may be harder to get a new policy from some companies. Don’t be discouraged; keep shopping!

## Auto Insurance Terms You Should Know

**Preferred Company** – The company within an insurance group that offers the lowest rates.

**Standard Company** – A company that offers higher rates than a preferred company but lower than a “high-risk” company.

**High-risk Company** – A company that sells at high rates to drivers with poor driving records or other problems.

**Idaho Auto Assigned Risk Program** – An alternative plan that provides basic liability insurance and uninsured/underinsured motorist coverage to drivers rejected by insurance companies. (This plan sometimes is referred to as the “assigned risk plan.”)

**Deductible** – The amount you pay out of your own pocket when you have a claim.

## Types of Automobile Insurance Coverages

**Liability Insurance** – Liability insurance pays for damage to the other driver’s vehicle and for injuries to the other driver and his or her passengers. It covers accidents caused by you or anyone covered by your policy, including any driver operating your car with your permission. Liability insurance is required by Idaho law. Your policy must pay at least \$25,000 per person for injuries and deaths, up to a total of \$50,000 for all victims of an accident, plus \$15,000 for property damage.

**Uninsured/Underinsured Motorist (UM/UIM) Coverage** – This coverage pays for your injuries caused by a hit-and-run driver or a motorist without liability insurance. It also will pay when your medical and car repair bills are higher than the other driver’s liability coverage.



**Medical Payments** □ Pays limited medical and funeral expenses if you, a family member, or a passenger in your car is injured or killed in a motor vehicle accident.

**Collision Coverage** □ This coverage pays for damage to your car without regard to who caused an accident. The company must pay up to the actual cash value of your vehicle, minus your deductible.

**Comprehensive Coverage (Physical Damage Other than Collision)** □ Comprehensive pays for damage to or loss of your automobile from causes other than accidents. These include hail, vandalism, flood, fire, and theft.

**Towing & Labor Coverage** □ This coverage reimburses you for towing charges when your car breaks down or is damaged and must be towed to a repair shop or other destination.

**Rental Reimbursement Coverage** □ This coverage pays a set daily amount for a rental car if your car is being repaired because of damage covered by your auto policy.

## Shop Around!

If your driving record is clean, don't use agents who advertise for high-risk business, such as drivers with DWI convictions.



Do not give up too soon if a company turns you down. Keep shopping! Different companies have different criteria for accepting drivers for coverage.

If you are rejected for auto insurance, you might find coverage with Idaho Assigned Risk. Idaho Assigned Risk's rates exceed those of most standard companies.

## Make Sure Your Coverage Fits Your Needs

- Ask questions about how your policy works. You have a right to know what kind of coverage you are paying for.
- You can cut your collision and comprehensive premiums by raising your deductibles.
- If your car is several years old and paid for, consider dropping collision and comprehensive coverage. Compare the cost of your annual premium against your car's "Blue Book" value, minus your deductible.
- You may not need medical payments coverage if you have health and disability insurance. Remember, though, medical payments cover other people if they are injured while in your car.
- If you belong to an automobile club, you probably already have towing and labor coverage.

**Ask the agent:** □ Who will provide my installment plan □ the insurance company or a premium finance company? □ If it is a premium finance company, what is the interest rate? □ How much is the down payment? □ How much is my monthly payment? □ How many payments do I make? □ How much is my total payment (annual or six-month premium plus interest)? □ Use the following worksheet to compare the installment packages offered by agents and companies.

## Installment Plan Worksheet

	Company #1	Company #2	Company #3
Agent or Company Name	_____	_____	_____
Interest Rate, if any	_____	_____	_____
Down Payment	_____	_____	_____
Monthly Payment	_____	_____	_____
Number of Months	_____	_____	_____
Total You Pay	_____	_____	_____

## Go for Discounts

### Discounts Offered

- Defensive driving classes and driver education courses for young drivers
- Airbags and other passive restraints
- Anti-theft devices
- Two or more cars on a policy
- Non-smoker discount





## Additional Discounts

Companies may give discounts for:

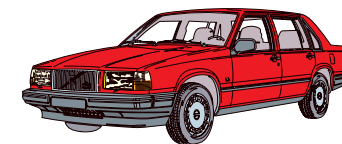
- Your age and annual mileage driven.
- Policy renewal, with a good claims and driving record.
- Anti-lock brakes.
- A parent or family whose young driver is away at school without a car.
- Full-time college and high school students with a "B" or 3.0 average.
- Cars with automatic daytime running lights.
- Membership or adult leadership in certain youth organizations.

## Grounds for Policy Cancellation or Non-Renewal

In Idaho an automobile policy cannot be cancelled or non-renewed except for the following reasons:

- (1) Nonpayment of premium; or
- (2) The policy was obtained through a material misrepresentation; or
- (3) Any insured violated any of the terms and conditions of the policy; or
- (4) The named insured failed to disclose fully his motor vehicle accidents and moving traffic violations, or his losses covered under any automobile physical damage or comprehensive coverage, for the preceding thirty-six (36) months if called for in the application; or
- (5) As to renewal of the policy, if the insured at any time while the policy was in force failed to disclose fully to the insurer, upon request therefor, facts relative to accidents and losses incurred material to underwriting of the risk; or
- (6) Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or
- (7) The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under such policy:
  - (a) Has, within the thirty-six (36) months prior to the notice of cancellation or nonrenewal, had his driver's license under suspension or revocation; or
  - (b) Has a history of and is subject to epilepsy or heart attacks, and such individual cannot produce a certificate from a physician testifying to his unqualified ability to operate a motor vehicle safely; or
  - (c) Has an accident record, conviction record (criminal or traffic), physical, mental, or other condition which is such that his operation of an automobile might endanger the public safety; or
  - (d) Has, while the policy is in force, engaged in a prearranged competitive speed contest while operating or riding in an automobile insured under the policy; or

- (e) Has, within the thirty-six (36) months prior to the notice of cancellation or nonrenewal been addicted to the use of narcotics or other drugs; or
- (f) Uses alcoholic beverages to excess; or
- (g) Has been convicted, or forfeited bail, during the thirty-six (36) months immediately preceding the notice of cancellation or nonrenewal; for
  - (i) Any felony; or
  - (ii) Criminal negligence resulting in death, homicide, or assault arising out of the operation of a motor vehicle; or
  - (iii) Operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or
  - (iv) Leaving the scene of an accident without stopping to report; or
  - (v) Theft or unlawful taking of a motor vehicle; or
  - (vi) Making fraudulent statements in an application for a driver's license; or
- (h) Has been convicted of, has had a judgment entered against, or forfeited bail for, three (3) or more violations within the thirty-six (36) months immediately preceding the notice of cancellation or nonrenewal, of any law, ordinance, or regulation of any state for which a violation point is assessed by the Idaho transportation department under the provisions of section 49-326, Idaho Code, whether or not the violations were repetitions of the same offense or different offenses.
- (8) The insured automobile is:
  - (a) So mechanically defective that its operation might endanger public safety; or
  - (b) Used in carrying passengers for hire or compensation, except that the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation; or
  - (c) Used in the business of transportation of flammables or explosives; or
  - (d) An authorized emergency vehicle; or
  - (e) Modified or changed in condition during the policy period so as to increase the risk substantially; or
  - (f) Subject to an inspection law and has not been inspected or, if inspected, has failed to qualify.





## Shopping for Automobile Insurance

## Automobile Worksheet

This worksheet gives you a place to record information an agent or company will need to give you an accurate premium quote.

## 1 Vehicles to be insured:

	Make/Model	Year	Vehicle Identification Number	Miles to Work
Auto #1	_____	_____	_____	_____
Auto #2	_____	_____	_____	_____
Auto #3	_____	_____	_____	_____

## 2 Principal owner and operator of vehicle(s):

\_\_\_\_\_

\_\_\_\_\_

## 3 Drivers to be insured on the policy:

Name	License Number	Age	Sex	Marital Status
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## 4 Accidents or moving violations of each driver during past three (3) years:

☐☐☐

\_\_\_\_\_

\_\_\_\_\_

## 5 Check the discounts to which you may be entitled: (refer to page 8)

- Offered:** • Multi-car • Anti-theft devices • Defensive driving  
 • Passive restraints (airbags, automatic seatbelts)  
**☐☐Optional:** • Age/mileage • Anti-lock brakes • Policy renewal  
 • Student away at school • Student with good grades  
 • Daytime running lights • Youth organizations

## Shopping for Automobile Insurance

## Automobile Worksheet

...continued

## 6 Check off the coverages you want:

**Bodily Injury (BI) Liability** This checklist shows some of the more common coverage amounts:

- \$25,000/50,000<sup>1</sup> • \$100,000/200,000  
 • \$50,000/100,000 • \$100,000/300,000 • \_\_\_\_\_ (other)

**Property Damage (PD) Liability** The law requires at least \$15,000.

- \$15,000 • \_\_\_\_\_ (other, you can buy more)

**Medical Payments**

- \$500 • \$2,500 • \$10,000 • \$50,000 • \$100,000  
 • \$1,000 • \$5,000 • \$25,000 • \$75,000

**Uninsured Motorist/Underinsured Motorist** (will not exceed the dollar limits of your liability coverage)

**Comprehensive – Physical Damage Other than Collision**

(most common deductibles)

- \$0 • \$50 • \$100 • \$200 • \$500

**Collision** (most common deductibles)

- \$200 • \$250 • \$500

**Bodily Injury**

- \$25,000/50,000<sup>1</sup> • \$50,000/100,000 • \_\_\_\_\_ (other)

**Property Damage**

- \$15,000 • \$25,000 • \$50,000 • \$100,000 • \_\_\_\_\_ (other)

<sup>1</sup>Minimum liability and property coverage required in Idaho. This might not be enough if you are held liable for an accident. With rising medical costs and automobile prices, you should consider buying more than the minimum limits.



## Shopping for Automobile Insurance

### Automobile Worksheet

...continued

**Comparison Chart:** This chart provides space to record the prices quoted by each company you contact for the coverages you selected.

1	Company Name	Phone Number
	Agent/Representative	Quoted Premium
2	Company Name	Phone Number
	Agent/Representative	Quoted Premium
3	Company Name	Phone Number
	Agent/Representative	Quoted Premium
4	Company Name	Phone Number
	Agent/Representative	Quoted Premium
5	Company Name	Phone Number
	Agent/Representative	Quoted Premium
6	Company Name	Phone Number
	Agent/Representative	Quoted Premium
7	Company Name	Phone Number
	Agent/Representative	Quoted Premium

## Types of Homeowner's Insurance Coverages

Idaho has three (3) standard homeowner's policies: HO-1, HO-3, and HO5. Nearly all consumers buy HO-3. HO-1 is the cheapest, but protection is limited. HO-5 is the most expensive and offers somewhat more coverage.

This section will focus on the homeowner's HO-3 policy.

### Replacement Cost Coverage

Insure your home's replacement cost, not its market value. Market value may be higher or lower than the cost to rebuild your home. With replacement cost coverage, you can rebuild your home on the same lot at current local construction costs if your home is destroyed.

### How is Replacement Cost Determined?

Companies use various methods to determine the estimated replacement cost for your home. Be sure to inform the agent of any custom features that are part of the dwelling. When shopping for coverage, be prepared to answer questions about your home's square footage, number of bedrooms, and number of bathrooms.

When considering replacement cost, be sure to deduct the value of the land, foundations that are below the surface of the ground, and other items such as landscaping and sprinkler systems.

Be sure to update your coverage figures periodically because construction costs change.

### What About My Furniture?

Be aware that household contents are covered only for their actual cash value replacement cost minus depreciation unless you buy replacement cost coverage as a policy add-on. This add-on is called an "endorsement." Homeowners' policies offer very limited coverage for valuables like jewelry, furs, cash, and stamp and coin collections. You can buy separate endorsements to increase coverage.





## Know What Affects Your Premium

Factors that affect the amount of your premium include:

- The county where your house is located.
- Available fire protection.
- Type of construction.
- Type of policy.
- Type of company.
- Amount of coverage. (Promptly inform your agent of improvements to your property or major purchases covered under your policy.)

## Shopping Tips for Homeowner's Insurance

- Buy only the coverage you need. The insurance on your home should not exceed its replacement cost.
- Take advantage of deductibles. The higher your deductible, the lower your premium. If you choose a 1% deductible for a \$50,000 house, your premium may be as much as 12% lower than if you accept a \$250 deductible.
- Ask the agent about discounts for burglar-proofing, fire-proofing, and storm-proofing your property. (See "Discount Checklist" below for specific discounts.)
- Make sure the price quotes you get are for the same types of coverage.
- Ask your agent how many and what type of claims can be filed before a company will refuse to renew a policy. Ask whether the company considers small claims equally with large claims.

**Note:** Idaho Department of Insurance Regulations prevent companies from denying coverage based on the age and value of your home.

## Shopping for Insurance

### Homeowner's Worksheet Discount Checklist:



Check the discounts for which you might be eligible.

#### Mandatory discounts for homes meeting eligibility standards:<sup>2</sup>

- Electronic burglar alarm system ..... 15%
- Burglar-proofing – deadbolt locks, secondary locking devices, etc. .... 5%
- Sprinkler systems ..... 8%
- Impact-resistant (hail-resistant) roofs depending on  
county and type of roof ..... 1% to 35%

<sup>2</sup>These discount percentages are not mandatory for Lloyds, reciprocal exchange, or farm mutual companies.

Optional discounts for burglar alarm systems that do not qualify for the mandatory discount, as follows:

- Central station ..... 12%
- Remote alarm ..... 10%
- Local alarm ..... 2%

#### Other optional discounts (up to percentages shown):

- Combination fire, smoke, and burglar alarm systems ..... 4-15%
- Sprinkler systems (not eligible for mandatory discount) ..... 8%
- Theft prevention – Property identification discount ..... 5%
- Fire extinguishers ..... 2%

#### Building features

- Age of house ..... 15%
- Noncombustible roof ..... 2%
- Care & condition of premises ..... 2%
- Claims experience for three (3) consecutive years ..... 5%
- Companion policy in same company or group ..... 5%
- House insured to full replacement cost ..... 5%
- Senior citizen's discount ..... 5%

You can use this worksheet to record information an agent or company will need to give you an accurate premium quotation.

- 1 Square footage of your house: \_\_\_\_\_
- 2 Policy form that you want. (See page 12 for descriptions. Most homeowners buy the broad form, HO-3.) • HO-1 • HO-3 • HO-5
- 3 Endorsements:
  - Replacement cost of contents
  - Scheduled personal property (increases coverage for jewelry, watches, furs, etc.)
  - Other endorsements adding coverage
- 4 Estimated replacement cost of your house (does not include the value of the land, slab, landscaping, or septic system): \$ \_\_\_\_\_
- 5 Replacement cost of your household contents: \$ \_\_\_\_\_
- 6 Deductible: \$ \_\_\_\_\_
- 7 Discounts (from pages 14-15): \_\_\_\_\_



## Shopping for Insurance

### Comparison Chart:

This chart provides space to record the prices quoted by each company you contact for the coverages you selected.

1	Company Name	Phone Number
	Agent/Representative	Quoted Premium
2	Company Name	Phone Number
	Agent/Representative	Quoted Premium
3	Company Name	Phone Number
	Agent/Representative	Quoted Premium
4	Company Name	Phone Number
	Agent/Representative	Quoted Premium
5	Company Name	Phone Number
	Agent/Representative	Quoted Premium
6	Company Name	Phone Number
	Agent/Representative	Quoted Premium
7	Company Name	Phone Number
	Agent/Representative	Quoted Premium

## Renter's Insurance

**YOUR LANDLORD'S INSURANCE** will not cover your personal belongings in the event of a fire or theft. Renter's insurance replaces your stolen, damaged, or destroyed household goods and personal property. It also provides liability coverage.

There are two (2) basic policies:

- **The Broad Form (HO-4):** covers your personal belongings against events, such as fires and thefts, that are specified in the policy.
- **The Comprehensive Form (HO-7):** protects your personal belongings for every event unless specifically excluded by the policy.

### Tips for Renters

When shopping for renter's insurance, remember:

- Renter's policies normally pay only the actual cash value of your losses. Replacement cost coverage is available for an extra 15% of the basic premium.
- Your personal property will be fully covered at home. If you're traveling, your luggage and other personal items are protected up to 10% of the policy's total amount of coverage.
- Renter's policies automatically provide \$25,000 of liability coverage in case someone is injured on your premises.
- Your personal property may be covered under another policy. For example, college students who are dependents of their parents have some coverage if their parents have a homeowner's policy. Coverage of the students' property is limited to an amount equal to 10% of the total personal property coverage provided by the parents' policy.





## Department of Insurance Services

### Consumer Complaints

If you believe an insurance company has treated you unfairly, you have the right to file a complaint with the Consumer Affairs Division of the Idaho Department of Insurance.

Before you contact the Idaho Department of Insurance, contact your company. The telephone number should be listed on your policy.

If you cannot solve the problem directly, you can file a written complaint with the Idaho Department of Insurance:

**Idaho Department of Insurance**  
**Consumer Affairs Division**  
P.O. Box 83720  
Boise, ID 83720-0043

### For More Insurance Information

**Consumer Help Line** (8 a.m. to 5 p.m. PST)

**1 (800) 721-3272** Idaho  
**(208) 334-4350** Boise area

**Internet address:** <http://www.doi.state.id.us>

On average, it takes 45 days to process complaints. We will keep you informed by mail of the status of your complaint.

#### **Job Information**

Personnel Commission  
**(208) 334-2263** Boise  
**(800) 554-5627** Toll-Free  
**(800) 542-5738** TDD

The Idaho Department of Insurance seeks qualified applicants and takes pride in its diverse workforce. The Idaho Department of Insurance is an Equal Opportunity Employer.

*The Idaho Department of Insurance distributes this brochure for educational purposes only. It does not constitute an endorsement by the Department of any service, company, or person offering any product or service.*

## General Information

### Unfair Discrimination

Under Idaho law, an insurance company cannot deny, refuse to renew, limit, or charge more for coverage or unfairly discriminate in any manner because of your race, color, religion, or national origin. Nor can a company discriminate because of your age, gender, marital status, geographic location, disability, or partial disability unless the refusal, limitation, or higher rate is "based on sound underwriting or actuarial principles." This means the company must have valid evidence that you present a greater risk for loss than other persons the company is willing to insure.





## Notes

This image shows a full page of white paper with horizontal blue lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.